

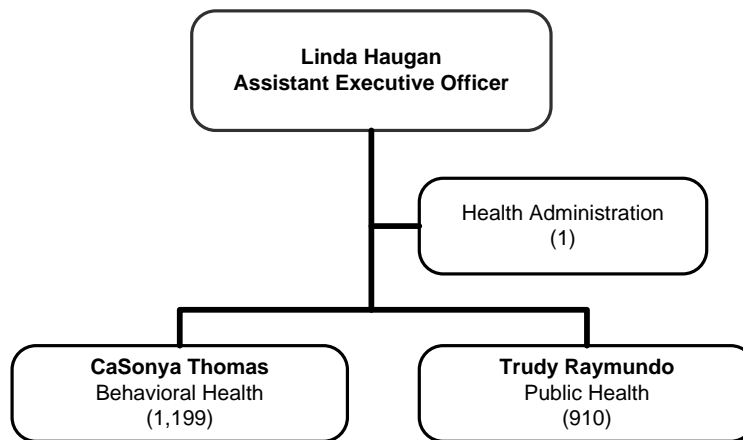
HEALTH ADMINISTRATION

DEPARTMENT MISSION STATEMENT

Health Administration develops and coordinates budgets, policies, and procedures for the County's health care departments in accordance with the strategic goals adopted by the Board of Supervisors, the County Charter, and the general laws.



ORGANIZATIONAL CHART



2015-16 SUMMARY OF BUDGET UNITS

	2015-16					
	Requirements	Sources	Net County Cost	Use of / (Contribution to) Fund Balance	Use of / (Contribution to) Net Position	Staffing
General Fund						
Health Administration	120,279,015	105,279,015	15,000,000			1
Total General Fund	120,279,015	105,279,015	15,000,000			1
Special Revenue Funds						
Master Settlement Agreement	17,000,000	17,783,935		(783,935)		0
Total Special Revenue Funds	17,000,000	17,783,935		(783,935)		0
Total - All Funds	137,279,015	123,062,950	15,000,000	(783,935)	0	1



Health Administration

DESCRIPTION OF MAJOR SERVICES

The role of the Health Administration budget unit is to seek and support opportunities to foster collaboration among the Department of Public Health (PH), Department of Behavioral Health (BH), and the Arrowhead Regional Medical Center (ARMC). Health Administration provides regular fiscal and policy analysis relating to the operations of these departments. Additionally, Health Administration manages the \$120.3 million Health Administration budget unit, which includes funding and related transactions for the County's contribution for ARMC debt service payments, health related maintenance of effort costs, and transfers required to obtain federal health care funding.

Budget at a Glance	
Requirements Less Reimbursements	\$120,279,015
Sources/Reimbursements	\$105,279,015
Net County Cost	\$15,000,000
Total Staff	1
Funded by Net County Cost	13%

Intergovernmental Transfers

This budget unit includes Intergovernmental Transfers (IGT) to the state for Disproportionate Share Hospital (DSH) Supplemental Payments, Medi-Cal managed care, and Delivery System Reform Incentive Payments (DSRIP). These IGT's are used to send the non-federal share of DSH, Medi-Cal managed care, and DSRIP payments to the state in order to receive matching contributions. The initial investment is returned to this budget unit.

DSH supplemental payments are provided by the state to qualifying hospitals that serve Medi-Cal and uninsured individuals to provide for uncompensated costs of care. Medi-Cal managed care payments provide for maximum reimbursement under the allowable rate range. DSRIP funding is strictly tied to results and meeting transformation milestones. These payments are reflected as a matching contribution to the state, with a return of the initial investment to this budget unit.

Realignment and General Fund Support

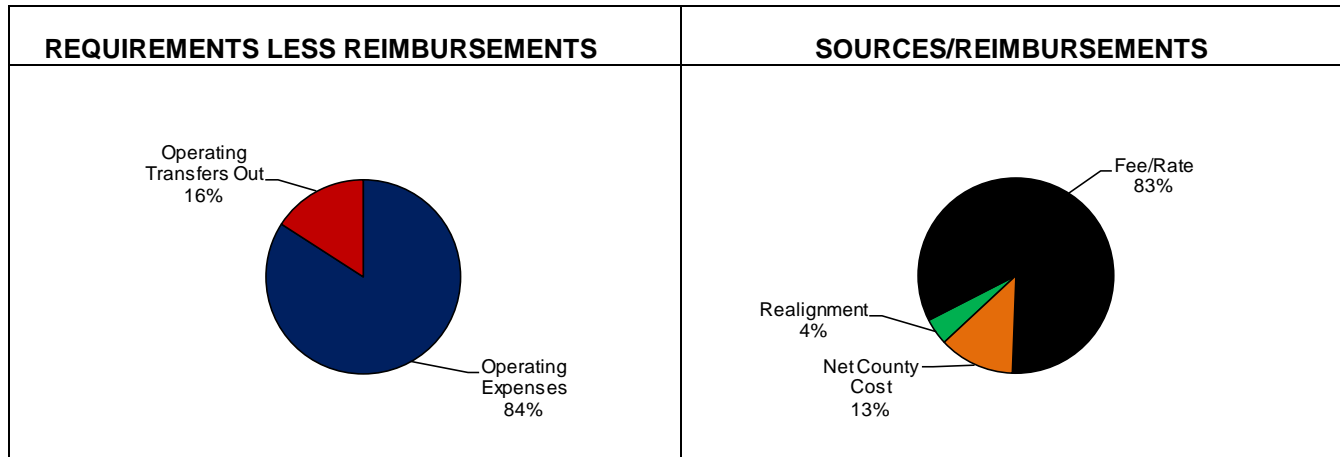
County General Fund support and realignment funds totaling \$20.3 million are used to pay for the ARMC debt service lease payments of \$14.7 million, Realignment AB 8 match of \$4.3 million, and administrative costs. To qualify for receipt of Health Realignment funding from the state, the County must contribute a 'match' of local funds. The County's \$4.3 million match is based on a formula established through AB 8 in 1979. This amount has remained constant throughout the years.

Realignment funds support costs in this budget unit as follows:

- Mental Health at 9.88%;
- Social Services at 3.40%;
- Health at 86.72% (which also covers debt service payments).



2015-16 RECOMMENDED BUDGET



ANALYSIS OF 2015-16 RECOMMENDED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: General

BUDGET UNIT: AAA HCC
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
Requirements							
Staffing Expenses	176,247	320,215	323,696	160,272	160,272	168,474	8,202
Operating Expenses	23,988,795	67,065,145	152,789,252	85,830,762	101,081,987	101,053,987	(28,000)
Capital Expenditures	0	0	0	0	0	0	0
Total Exp Authority	24,165,042	67,385,360	153,112,948	85,991,034	101,242,259	101,222,461	(19,798)
Reimbursements	(39,979)	0	0	0	0	0	0
Total Appropriation	24,125,063	67,385,360	153,112,948	85,991,034	101,242,259	101,222,461	(19,798)
Operating Transfers Out	19,023,328	18,302,938	17,346,170	21,434,819	19,488,354	19,056,554	(431,800)
Total Requirements	43,148,391	85,688,298	170,459,118	107,425,853	120,730,613	120,279,015	(451,598)
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	7,826,732	3,376,654	7,425,853	5,730,613	5,279,015	(451,598)
State, Fed or Gov't Aid	4,873,403	0	0	0	0	0	0
Fee/Rate	23,277,623	62,861,566	152,082,554	85,000,000	100,000,000	100,000,000	0
Other Revenue	0	0	0	0	0	0	0
Total Revenue	28,151,026	70,688,298	155,459,209	92,425,853	105,730,613	105,279,015	(451,598)
Operating Transfers In	0	0	0	0	0	0	0
Total Financing Sources	28,151,026	70,688,298	155,459,209	92,425,853	105,730,613	105,279,015	(451,598)
Net County Cost	14,997,365	15,000,000	14,999,909	15,000,000	15,000,000	15,000,000	0
Budgeted Staffing*	1	2	2	1	1	1	0

* Data represents modified budgeted staffing

MAJOR EXPENDITURES AND REVENUE IN 2015-16 RECOMMENDED BUDGET

Major expenditures include Intergovernmental Transfers to cover the required local match for Disproportionate Share Hospital (DSH), Delivery System Reform Incentive Payments (DSRIP), and Medi-Cal managed care programs, as well as debt service lease payments for ARMC. The major revenue source is the matching funds received from the State.



BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements are decreasing by \$451,598 primarily due to a reduction of operating transfers out required for debt service payments, which results in a reduction of sources needed to meet requirements.

2015-16 POSITION SUMMARY*

Division	2014-15 Modified Staffing	Adds	Deletes	Reorgs	2015-16 Recommended	Limited	Regular
Health Administration	1	0	0	0	1	0	1
Total	1	0	0	0	1	0	1

*Detailed classification listing available in Appendix D

STAFFING CHANGES AND OPERATIONAL IMPACT

Staffing expenses of \$168,474 fund 1 budgeted regular position.



Master Settlement Agreement

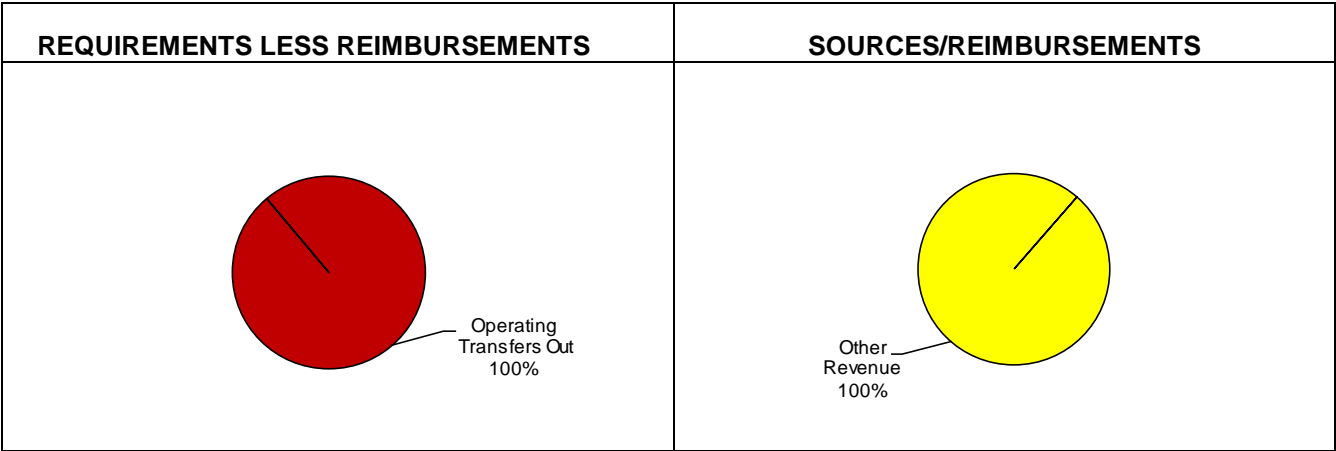
DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998, a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

Budget at a Glance	
Requirements Less Reimbursements	\$17,000,000
Sources/Reimbursements	\$17,783,935
Use of/ (Contribution to) Fund Balance**	(\$783,935)
Total Staff	0

A majority of the County's total proceeds are used each year to fund a portion of the Arrowhead Regional Medical Center (ARMC) debt.

2015-16 RECOMMENDED BUDGET



** Contribution to Fund Balance appears as a negative number and increases Available Reserves.



ANALYSIS OF 2015-16 RECOMMENDED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: Master Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2011-12 Actual	2012-13 Actual	2013-14 Actual	2014-15 Estimate	2014-15 Modified Budget	2015-16 Recommended Budget	Change From 2014-15 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Total Exp Authority	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	0	0	0
Operating Transfers Out	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Total Requirements	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	18,134,168	27,311,849	17,994,676	17,813,880	17,508,893	17,783,935	275,042
Total Revenue	18,134,168	27,311,849	17,994,676	17,813,880	17,508,893	17,783,935	275,042
Operating Transfers In	3,146,181	10,611	0	0	0	0	0
Total Financing Sources	21,280,349	27,322,460	17,994,676	17,813,880	17,508,893	17,783,935	275,042
Fund Balance							
Use of / (Contribution to) Fund Balance**	(4,280,349)	(10,322,460)	(994,676)	(813,880)	(508,893)	(783,935)	(275,042)
Available Reserves					21,958,405	23,047,327	1,088,922
Total Fund Balance					21,449,512	22,263,392	813,880
Budgeted Staffing*	0	0	0	0	0	0	0

*Data represents modified budgeted staffing

** Contribution to Fund Balance appears as a negative number and increases Available Reserves.

MAJOR EXPENDITURES AND REVENUE IN 2015-16 RECOMMENDED BUDGET

Operating transfers out of \$17.0 million reflect a transfer to the General Fund used to fund the Net County Cost within the Health Administration budget unit and to offset increased health care costs within the Department of Public Health. Health Administration uses that Net County Cost to fund the \$4.3 million local match requirement for 1991 Health Realignment and \$10.7 million of net debt service (lease payment) for ARMC.

Other revenue of \$17.8 million reflects anticipated revenue from the major tobacco companies pursuant to the Master Settlement Agreement.

BUDGET CHANGES AND OPERATIONAL IMPACT

Sources from the Master Settlement Agreement have been budgeted conservatively based on average receipts over the last four years excluding extraordinary revenue. Revenues have remained stable over the past four years with the exception of the approximate \$9.8 million of extraordinary revenue received in 2012-13 for a Non-Participating Manufacturers (NPM) Adjustment settlement payment.

ANALYSIS OF FUND BALANCE

Fund balance is expected to increase by \$783,935 based on the continued trend of revenues exceeding the base expenditure. It is anticipated a recommendation is forthcoming for the use of available fund balance for the construction of jail medical facilities on the ARMC campus.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

